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## *The Economics of Food Labeling*

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"The Economics of  
Food Labeling"

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by Elise Golan,  
Fred Kuchler, Lorraine  
Mitchell, Cathy Green, and  
Amber Jessup

For more information contact

Elise Golan at  
[egolan@ers.usda.gov](mailto:egolan@ers.usda.gov),  
Fred Kuchler at  
[fkuchler@ers.usda.gov](mailto:fkuchler@ers.usda.gov),  
Lorraine Mitchell at  
[lmitchel@ers.usda.gov](mailto:lmitchel@ers.usda.gov),  
Cathy Greene at  
[cgreene@ers.usda.gov](mailto:cgreene@ers.usda.gov), or  
Amber Jessup at  
[amber.jessup@cfsan.fda.gov](mailto:amber.jessup@cfsan.fda.gov)  
<http://www.ers.usda.gov>

### **Federal intervention in**

food labeling is often aimed at achieving a social goal such as improving human health and safety, mitigating environmental hazards, averting international trade disputes, or supporting domestic agricultural and food manufacturing industries. Economic theory suggests, however, that mandatory food-labeling requirements are best suited to alleviating problems of asymmetric information and are rarely effective in redressing environmental or other spillovers associated with food production and consumption. Theory also suggests that the appropriate role for government in labeling depends on the type of information involved and the level and distribution of the costs and benefits of providing that information. This article traces the economic theory behind food labeling and presents three case studies in which the Government has intervened in labeling and two examples in which Government intervention has been proposed.

